Filing Company: Employers Reinsurance Corporation State Tracking Number: AR-PC-07-025906

Company Tracking Number: E-WC-AR-07-02697-1-R

TOI: 16.0 Workers Compensation Sub-TOI: 16.0000 WC Sub-TOI Combinations

Product Name: ERC Workers Compensation Rate Filing - 07-02697

Project Name/Number: ERC Workers Compensation Rate Filing - 07-02697/E-WC-AR-07-02697-1-R

Filing at a Glance

Company: Employers Reinsurance Corporation

Product Name: ERC Workers Compensation SERFF Tr Num: ERCA-125273661 State: Arkansas

Rate Filing - 07-02697

TOI: 16.0 Workers Compensation SERFF Status: Closed State Tr Num: AR-PC-07-025906

Sub-TOI: 16.0000 WC Sub-TOI Combinations Co Tr Num: E-WC-AR-07-02697-1- State Status:

R

Filing Type: Rate Co Status: Reviewer(s): Betty Montesi, Carol

Stiffler, Brittany Yielding

Author: Linda Snook Disposition Date: 08/29/2007

Date Submitted: 08/27/2007 Disposition Status: Approved

Effective Date Requested (Renewal): 01/01/2008 Effective Date (Renewal):

General Information

Project Name: ERC Workers Compensation Rate Filing - 07-02697 Status of Filing in Domicile: Pending

Project Number: E-WC-AR-07-02697-1-R Domicile Status Comments: Missouri is our

state of domicile

Reference Organization: NCCI Reference Number:

Reference Title: Advisory Org. Circular:

Filing Status Changed: 08/29/2007

State Status Changed: 08/28/2007 Deemer Date:

Corresponding Filing Tracking Number: n/a

Filing Description:

As a result of the recent acquisition of the GEIS insurance companies by Swiss Re and in preparation for the January 1, 2008, proposed merger of Westport Insurance Corporation (WIC) with and into Employers Reinsurance Corporation (ERC), ERC is filing to move from a surcharge company to a base company for Workers Compensation. As such, ERC is filing the same approved loss cost multiplier as WIC for Workers Compensation.

In our filing 9-WC-AR-06-02210-1-R, we filed and received approval for North American Specialty Insurance Company (NAS) at the same LCM as ERC for the tier. Any policies currently on ERC that would have been renewed on ERC

Filing Company: Employers Reinsurance Corporation State Tracking Number: AR-PC-07-025906

Company Tracking Number: E-WC-AR-07-02697-1-R

TOI: 16.0 Workers Compensation Sub-TOI: 16.0000 WC Sub-TOI Combinations

Product Name: ERC Workers Compensation Rate Filing - 07-02697

Project Name/Number: ERC Workers Compensation Rate Filing - 07-02697/E-WC-AR-07-02697-1-R

paper will now be renewed on NAS paper, thus there is no impact from this filing. We are filing new rate pages to replace the previously approved rate pages.

Company and Contact

Filing Contact Information

Linda Snook, Product & Regulatory Services linda_snook@swissre.com

Specialist

5200 Metcalf (800) 255-6931 [Phone] Overland Park, KS 66201-1379 (913) 676-6226[FAX]

Filing Company Information

Employers Reinsurance Corporation CoCode: 39845 State of Domicile: Missouri

5200 Metcalf Group Code: 181 Company Type:

P.O. Box 2991

Overland Park, KS 66201-1391 Group Name: State ID Number:

(800) 255-6931 ext. [Phone] FEIN Number: 48-0921045

Filing Fees

Fee Required? Yes
Fee Amount: \$100.00

Retaliatory? No

Fee Explanation:

Per Company: No

COMPANY AMOUNT DATE PROCESSED TRANSACTION #

Employers Reinsurance Corporation \$0.00 08/27/2007

CHECK NUMBER CHECK AMOUNT CHECK DATE 101556 \$100.00 07/31/2007

Filing Company: Employers Reinsurance Corporation State Tracking Number: AR-PC-07-025906

Company Tracking Number: E-WC-AR-07-02697-1-R

TOI: 16.0 Workers Compensation Sub-TOI: 16.0000 WC Sub-TOI Combinations

Product Name: ERC Workers Compensation Rate Filing - 07-02697

Project Name/Number: ERC Workers Compensation Rate Filing - 07-02697/E-WC-AR-07-02697-1-R

Correspondence Summary

Dispositions

Status Created By Created On Date Submitted

Approved Carol Stiffler 08/29/2007 08/29/2007

Objection Letters and Response Letters

Objection Letters Response Letters

Status Created By Created On Date Submitted Responded By Created On Date Submitted

Pending Carol Stiffler 08/28/2007 08/28/2007 Linda Snook 08/29/2007 08/29/2007

Industry Response

Filing Company: Employers Reinsurance Corporation State Tracking Number: AR-PC-07-025906

Company Tracking Number: E-WC-AR-07-02697-1-R

TOI: 16.0 Workers Compensation Sub-TOI: 16.0000 WC Sub-TOI Combinations

Product Name: ERC Workers Compensation Rate Filing - 07-02697

Project Name/Number: ERC Workers Compensation Rate Filing - 07-02697/E-WC-AR-07-02697-1-R

Disposition

Disposition Date: 08/29/2007

Effective Date (New): 01/01/2008

Effective Date (Renewal):

Status: Approved

Comment:

Filing Company: Employers Reinsurance Corporation State Tracking Number: AR-PC-07-025906

Company Tracking Number: E-WC-AR-07-02697-1-R

TOI: 16.0 Workers Compensation Sub-TOI: 16.0000 WC Sub-TOI Combinations

Product Name: ERC Workers Compensation Rate Filing - 07-02697

Project Name/Number: ERC Workers Compensation Rate Filing - 07-02697/E-WC-AR-07-02697-1-R

An error occurred rendering Disposition 125235388: null.

Filing Company: Employers Reinsurance Corporation State Tracking Number: AR-PC-07-025906

Company Tracking Number: E-WC-AR-07-02697-1-R

TOI: 16.0 Workers Compensation Sub-TOI: 16.0000 WC Sub-TOI Combinations

Product Name: ERC Workers Compensation Rate Filing - 07-02697

Project Name/Number: ERC Workers Compensation Rate Filing - 07-02697/E-WC-AR-07-02697-1-R

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 08/28/2007 Submitted Date 08/28/2007

Respond By Date Dear Linda Snook,

This will acknowledge receipt of the captioned filing.

Objection 1

- NAIC Loss Cost Filing Document for Workers' Compensation (Supporting Document)

Comment: This filing adopts AR-2007-04 but does not state the Item Filing number which is often different than the Circular number. We do not receive circulars which are issued after the Item Filing is approved. Often Circulars and Item Filings have the same numbers but are not related to each other. We CANNOT accept the Circular number in lieu of the Item Filing Number. You must state the Item Filing Number.

Please feel free to contact me if you have questions.

Sincerely,

Carol Stiffler

Response Letter

Response Letter Status Submitted to State

Response Letter Date 08/29/2007 Submitted Date 08/29/2007

Dear Carol Stiffler,

Comments:

Response 1

Comments: The item filing number is AR-2007-01. Thanks

Related Objection 1

Applies To:

- NAIC Loss Cost Filing Document for Workers' Compensation (Supporting Document)

Filing Company: Employers Reinsurance Corporation State Tracking Number: AR-PC-07-025906

Company Tracking Number: E-WC-AR-07-02697-1-R

TOI: 16.0 Workers Compensation Sub-TOI: 16.0000 WC Sub-TOI Combinations

Product Name: ERC Workers Compensation Rate Filing - 07-02697

Project Name/Number: ERC Workers Compensation Rate Filing - 07-02697/E-WC-AR-07-02697-1-R

Comment:

This filing adopts AR-2007-04 but does not state the Item Filing number which is often different than the Circular number. We do not receive circulars which are issued after the Item Filing is approved. Often Circulars and Item Filings have the same numbers but are not related to each other. We CANNOT accept the Circular number in lieu of the Item Filing Number. You must state the Item Filing Number.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely, Linda Snook

Filing Company: Employers Reinsurance Corporation State Tracking Number: AR-PC-07-025906

Company Tracking Number: E-WC-AR-07-02697-1-R

TOI: 16.0 Workers Compensation Sub-TOI: 16.0000 WC Sub-TOI Combinations

Product Name: ERC Workers Compensation Rate Filing - 07-02697

Project Name/Number: ERC Workers Compensation Rate Filing - 07-02697/E-WC-AR-07-02697-1-R

Rate Information

Rate data applies to filing.

Filing Method: Prior Approval

Rate Change Type: Neutral

Overall Percentage of Last Rate Revision: -5.400%

Effective Date of Last Rate Revision: 09/01/2007

Filing Method of Last Filing: File and Use

Company Rate Information

Company Name:	Overall %	Overall % Rate	Written	# of Policy	Premium:	Maximum %	Minimum %
	Indicated	Impact:	Premium	Holders		Change (where	Change (where
	Change:		Change for	Affected for this		required):	required):
			this	Program:			
			Program:				
Employers Reinsurance	%	%		161	\$620,200	%	%

Corporation

Filing Company: Employers Reinsurance Corporation State Tracking Number: AR-PC-07-025906

Company Tracking Number: E-WC-AR-07-02697-1-R

TOI: 16.0 Workers Compensation Sub-TOI: 16.0000 WC Sub-TOI Combinations

Product Name: ERC Workers Compensation Rate Filing - 07-02697

Project Name/Number: ERC Workers Compensation Rate Filing - 07-02697/E-WC-AR-07-02697-1-R

Rate/Rule Schedule

Review Status: Exhibit Name: Rule # or Page Rate Action Previous State Filing Attachments
#: Number:

Approved Employers ERC-WC-AR- New ERC-WC-AR-Rates

Reinsurance Rates 01-01- 01-01-2008.pdf

Corporation - Workers 2008

Compensation and Employers Liability

Rates

Approved Employers ERC-WC-AR- Withdrawn

Reinsurance Rates 07-01-

Corporation - Workers 2007

Compensation and Employers Liability

Rates

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY

ARKANSAS

								LIABILITY						ARNAI	
EMP	<u> </u>		REINSU	JRANCE		ANCE			Effec	ctive J	lanuary 1,	2008			age 1
		RATE			RATE			RATE			RATE			RATE	
CLASS		INCL DIS	MIN PREM	CLASS	INCL DIS	MIN PREM	CLASS CODE	INCL DIS	MIN PREM	CLASS	INCL DIS	MIN PREM	CLASS CODE	INCL DIS	MIN PREM
0005		4.56	750	1860	1.44	509	2586	0.95	438	3114	2.43	652	3647	3.06	744
0008		2.76	700	1924	3.05	742	2587	2.07	600	3118	1.36	497	3648	2.03	594
0016		5.81	750	1925	2.53	667	2589	1.52	520	3119	1.02	448	3681	1.35	496
0034		3.92	750	2001	2.28	631	2600	4.64	750	3122	1.09	458	3685	1.77	557
0035		2.33	638	2002	3.16	750	2623	2.39	647	3126	1.85	568	3719	3.21	750
0036		3.84	750	2003	2.65	684	2651	2.14	610	3131	0.86	425	3724	6.31	750
0037		4.12	750	2014	5.03	750	2660	1.48	515	3132	1.96	584	3726	3.32	750
0042		6.75	750	2016	2.28	631	2670	2.23	623	3145	1.82	564	3803	1.73	551
0050		5.09	750	2021	3.13	750	2683	1.93	580	3146	2.46	657	3807	1.51	519
0059	D	0.27		2039	4.34	750	2688	2.75	699	3169	2.50	663	3808	2.60	677
0065	D	0.05		2041	3.78	750	2701	7.34	750	3175	D 2.71	693	3821	3.98	750
0066	D	0.05		2065	1.14	465	2702	X 25.32	750	3179	2.26	628	3822	2.60	677
0067	D	0.05		2070	4.75	750	2710	7.86	750	3180	2.03	594	3824	4.58	750
0079		2.99	734	2081	4.09	750	2714	4.77	750	3188	1.35	496	3826	0.98	442
0083		7.93	750	2089	2.58	674	2719	X 10.23	750	3220	1.92	578	3827	1.13	464
0106		13.30	750	2095	3.05	742	2731	3.48	750	3223	3.11	750	3830	1.09	458
0113		4.46	750	2105	2.35	641	2735	2.84	712	3224	2.52	665	3851	2.76	700
0170		2.45	655	2110	2.15	612	2759	7.10	750	3227	1.66	541	3865	1.22	477
0251		5.00	750	2111	1.93	580	2790	1.33	493	3240	3.18	750	3881	3.59	750
0400		7.98	750	2112	2.42	651	2802	6.16	750	3241	2.79	705	4000	7.02	750
0401		11.56	750	2114	2.95	728	2812	4.15	750	3255	2.49	661	4021	4.30	750
0771	Ν	0.30		2121	1.86	570	2835	1.59	531	3257	2.57	673	4024 E	1.60	532
0908	Р	119.68	420	2130	2.75	699	2836	2.26	628	3270	4.19	750	4034	6.53	750
0913	Р	316.88	617	2131	1.69	545	2841	3.93	750	3300	3.48	750	4036	2.49	661
0917		3.54	750	2143	2.07	600	2881	2.16	613	3303	3.45	750	4038	2.03	594
1005	*	8.91	750	2156	3.56	750	2883	4.11	750	3307	3.36	750	4053	3.07	745
1016	*	31.74	750	2157	3.56	750	2913	2.87	716	3315	2.50	663	4061	4.09	750
1164	Е	6.69	750	2172	2.00	590	2915	3.66	750	3334	2.35	641	4062	2.98	732
1165	Е	6.51	750	2174	2.65	684	2916	2.31	635	3336	2.31	635	4101	1.89	574
1320		2.69	690	2211	4.95	750	2923	1.94	581	3365	9.14	750	4111	2.23	623
1322		11.02	750	2220	1.90	576	2942	2.31	635	3372	2.60	677	4112	0.91	432
1430		4.98	750	2286	1.40	503	2960	2.84	712	3373	3.20	750	4113	1.60	532
1438		2.56	671	2288	4.37	750	3004	2.43	652	3383	0.92	433	4114	2.28	631
1452		1.74	552	2300	2.03	594	3018	2.92	723	3385	0.84	422	4130	5.32	750
1463		10.76	750	2302	1.78	558	3022	3.16	750	3400	2.46	657	4131	2.58	674
1472		3.26	750	2305	2.33	638	3027	2.83	710	3507	2.77	702	4133	2.45	655
1624	Е	7.18	750	2361	1.29	487	3028	3.01	736	3515	2.24	625	4150	1.25	481
1642		3.58	750	2362	1.73	551	3030	3.96	750	3548	1.17	470	4206	3.75	750
1654		7.67	750	2380	5.89	750	3040	3.92	750	3559	2.07	600	4207	1.09	458
1655		4.31	750	2386	1.13	464	3041	3.39	750	3574	1.13	464	4239	1.25	481
1699		1.99	589	2388	1.82	564	3042	3.10	750	3581	1.16	468	4240	2.77	702
1701		3.30	750	2402	2.18	616	3064	4.38	750	3612	2.11	606	4243	1.36	497
1710	Е	6.20	750	2413	1.74	552	3069	6.38	750	3620	5.71	750	4244	2.24	625
1741	E	1.66	541	2416	1.81	562	3076	2.64	683	3629	1.81	562	4250	1.40	503
1745	Х	2.69	690	2417	1.66	541	3081	D 2.42	651	3632	2.94	726	4251	1.58	529
1747		2.27	629	2501	1.43	507	3082	D 3.82	750	3634	1.81	562	4263	2.27	629
1748		5.41	750	2503	1.28	486	3085		709	3635	1.69	545	4273	1.54	523
1803	D	5.14	750	2534	2.26	628	3110	2.87	716	3638	1.51	519	4279	1.66	541
1852	D	2.08	602	2570	4.57	750	3111	2.87	716	3642	0.88	428	4282	2.04	596
1853		2.49	661	2585	2.52	665	3113	2.07	600	3643	2.83	710	4283	2.22	622

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY

ARKANSAS

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY

ARKANSAS

EMPLOYERS REINSURANCE INSURANCE Effective January 1, 2008 Page 3 RATE RATE RATE RATE RATE CLASS INCL MIN CLASS INCL CLASS INCI MIN CLASS MIN CLASS INCI MIN INCI MIN CODE DIS PREM 8500 4.86 750 9082 1.59 531 8601 0.67 9083 397 1.43 507 8606 3.40 750 9084 1.97 586 8709 7.97 9089 1.25 750 481 8719 1.70 547 9093 1.41 504 2.95 8720 1.14 465 9101 728 8721 0.38 355 9102 2.90 721 8726 F 9 4 8 750 9110 464 1.13 8734 Μ 0.64 393 9154 2.37 644 8737 M 0.58 384 9156 1.36 497 8738 1.03 449 9170 2.24 625 8742 Х 0.48 370 9178 24.37 750 8745 4.49 750 9179 42.30 750 8748 0.39 357 9180 4.18 750 8755 0.27 339 9182 2 60 677 0.94 8799 436 9186 52.29 750 8800 0.94 436 9220 3 64 750 8803 0.08 312 9402 5.03 750 8805 0.31 345 9403 6.17 M 750 8810 9410 574 0.23 333 1.89 0.29 342 9501 4 69 750 8814 M 8815 0.50 373 9505 3.43 750 8820 0.22 332 9516 2.71 693 8824 2.73 696 9519 2.35 641 8825 2.28 631 9521 5.03 750 8826 2.18 9522 1.47 616 513 8829 2.60 677 9534 7.19 750 8831 2.88 718 9554 8.26 750 8832 0.27 339 9586 0.71 403 8833 1.07 455 9600 1.55 525 8835 2.07 600 9620 1.17 470 8861 1.13 464 0.39 8868 357 8869 0.72 404 0.24 335 8871 8901 0.27 339 9012 1.62 535 9014 2.24 625 2 65 684 9015 9016 4.83 750 9019 3 17 750 9033 1.73 551 9040 3.39 750 9052 1.70 547 9058 1.67 542 9059 2.87 716 9060 1.73 551 9061 1.33 493 9063 1.06 454 9077 F 3.90 750

FOOTNOTE

- D Advisory loss cost for classification already includes the specific disease loading shown in the table below. See Basic Manual Rule 3-A-7.
- E Advisory loss cost for classification already includes the specific disease loadings shown in the table below.

	Disease			Disease			Disease	
Code No.	Loading	Symbol	Code No.	Loading	Symbol	Code No.	Loading	Symbol
0059D	0.20	S	1710E	0.04	S	3175D	0.02	S
0065D	0.04	S	1741E	0.17	S	4024E	0.01	S
0066D	0.04	S	1803D	0.17	S	5508D	0.02	S
0067D	0.04	S	1852D	0.03	Asb	6251D	0.04	S
1164E	0.06	S	3081D	0.03	S	6252D	0.03	S
1165E	0.03	S	3082D	0.04	S	6260D	0.02	S
1624E	0.03	S	3085D	0.04	S			
S = Silica, A	Asb = Asbes	tos	•			•		

- F Advisory loss cost provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Advisory loss cost includes a provision for federal assessment.
- M Advisory loss cost provides for coverage under Admiralty Law and Federal Employers' Liability Act (FELA).
 A provision for the USL&HW assessment is included for those classifications under Program II USL Act.
- N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding advisory loss cost are applied in addition to the basic classification when determining premium.

Class	Non-Ratable
Code	Element Code
4771	0771
7405	7445
7431	7453

- P Classification is computed on a per capita basis.
- X Refer to special classification phraseology in these pages which is applicable in this state.
- * Class Codes with Specific Footnotes
- Advisory loss cost includes a non-ratable disease element of \$2.56. (For coverage written separately for federal benefits only, \$2.19. For coverage written separately for state benefits only, \$0.37.)
- 1016 Advisory loss coss includes a non-ratable disease element of \$10.22. (For coverage written separately for federal benefits only, \$8.73. For coverage written separately for state benefits only, \$1.49.) It also includes a catastrophe loading of \$0.10. Refer to the Manual of Underground Coal Mine Rules, Classifications and Rates for the rules applicable to the use of this classification code.
- 6702 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost and elr each x 1.215.
- 6703 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost x 2.184 and elr x 1.982.
- 6704 Loss cost and rating values only appropriate for laying or relaying of tracks or maintenance of way no work on elevated railroads. Otherwise, assign appropriate construction or erection code loss cost and elr each x 1.35.
- Payroll is subject to a maximum of \$600 per week per employee effective January 1, 2005. The ELR on the rate page should be applied to policies with eff. Dates on or after January 1, 2005 (\$600 payroll limitation). An ELR of 11.36 should be applied to policies with eff. dates prior to January 1, 2005 (\$300 payroll limitation).
- 7420 Payroll is subject to a maximum of \$600 per week per employee effective July 1, 2006. The ELR on the rate page should be applied to poicies with effective dates on or after July 1, 2006 (\$600 payroll limitation). An ELR of 4.16 should be applied to policies with effective dates prior to July 1, 2006 (uncapped payroll).
- 8018 See Arkansas Special Classification for Warehousing-groceries exclusively.
- The ex-medical loss cost for the classification is \$0.41. A charge of \$0.10 is to be added to this loss cost whenever this class is applied to a hospital or sanitarium specializing in the treatment of tuberculosis.

 Apply to the rating Organization having jurisdiction for the appropriate loading when this class is applied to a General Hospital operating a tubercular ward or department.
- 9040 The ex-medical loss cost for this classification is \$1.20. A charge of \$0.10 is to be added to this loss cost whenever this class is applied to a hospital or" sanitarium specializing in the treatment of tuberculosis. Apply to the rating Organization having jurisdiction for the appropriate loading when this class is applied to a General Hospital operating a tubercular ward or department.

WORKERS COMPENSATION AND EMPLOYERS LIABILITY EMPLOYERS REINSURANCE INSURANCE

loss-based expenses (1.139).)

MISCELLANEOUS VALUES

ARKANSAS Page 5 Effective January 1, 2008

Basis of premium applicable in accordance with Basic Manual footnote instructions for Code: 7370 "Taxicab Co.": Employee operated vehicle Leased or rented vehicle	
7420"Aviation - Aerial Application, Seeding, Herding, or Scintillometer Surveying - Flying Crew": Maximum payroll per week per employee	\$600
Maximum Payroll applicable in accordance with Basic Manual Rule 2-E-1 "Executive Officers" and the footnote instructions for Code 9178 "Athletic Team: Non-Contact Sports", Code 9179 "Athletic Team: Contact Sports," and Code 9186 "CarnivalTraveling"	\$2,400
Minimum Payroll applicable in accordance with Basic Manual Rule 2-E-1 "Executive Officers"	\$300
Per Passenger Seat Surcharge In accordance with Basic Manual footnote instructions for classification Code 7421, the surcharge is: Maximum surcharge per aircraft	\$1,000 \$100
Premium Determination for Partners, Sole Proprietors and Members of Limited Liability Companies in accordance with Basic Manual Rule 2-E-3	\$30,800
United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable only in connection with Basic Manual Rule 3-A-4	95%
(Multiply a Non-F classification loss cost by a factor of 1.95 to adjust for differences in benefits and loss-based expenses.) This factor is the product of the adjustment for differences in benefits (1.71) and the adjustment for differences in loss based expenses (1.130).)	S.

ARKANSAS

MISCELLANEOUS

	Page 6
VALUES	Effective January 1, 2008

			MISCEL	LANEOUS	ALUES		Ellect	ive January	1, 200
Expense Constant ap	plicable in acco	ordance wit	h Basic Mar	nual Rule 3-A	۱-11				\$300
The rate is the adviso	ry loss cost mu	Itiplied by a	a factor of						1.360
Minimum Premium ap Standard formula = Per capita formula =	Rate x minimur Rate + expens Minimum Pre	n premium se constant emium Mult	multiplier + ; but not ove iplier	expense cor er the maxim	nstant; but n um minimur	ot over the m premium.	maximum m	inimum premi	um. 145
	Maximum Mi	nimum Pre	mium						\$750
Installment Fee - An i Late Fee - A late fee and the cancellation	will be charged	when payn	nent is recei	ived betweer	n the mailing	g of the "not	ice of intent	to cancel"	\$9 \$15
Reinstatement Fee -									\$25
Foreign Terrorism Ra	te								0.03
Domestic Terrorism,	Earthquakes ar	ıd Catastro	phic Industri	ial Accidents	Rate				0.01
Premium Discount Pe to Standard Premium		ee Basic Ma	anual Rule 3	3-A-19.) The	following p	remium disc	ounts are ap	oplicable	
First	\$ 10,000	- 0.40/							
Next Next	190,000 1,550,000	9.1% 11.3%							
Over	1,750,000	12.3%							
	on under Basic Vaiver: Charge rson or organiz Minimum pre	the premiu ation requir	m develope ing the waiv	ver					5% \$250
Blanket V	/aiver: Charge								2%
	Minimum pre	mium for a	Blanket wa	aiver					\$250
Percentage Premium amount on a per clair fx LER x	n basis. The de					•		d deductible	
(1-VER)		f:	0.60	= safety fac	tor				
		LER:	bureau			from advis	ory miscella	neous values	
		ELR: LAE:	0.677 1.20	= expected		nea			
		VER:	0.323	loss adjusvariable e			() x (1 - FI R)	
		K:	1.00	= K is the ra	•		, ,	,	
			1	Total Losses					
Deductibl	е			lazard Group					
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\$1,500		6.7%	5.8%	4.0%	4.2%	3.0%	2.3%		
\$2,000		7.7%	6.7%	5.7%	4.9%	3.5%	2.7%		
\$2,500		8.6%	7.5%	6.4%	5.5%	4.0%	3.1%		
\$3,000	11.2%	9.3%	8.2%	7.0%	6.0%	4.4%	3.4%		
\$3,500		10.0%	8.8%	7.6%	6.5%	4.9%	3.8%		
\$4,000		10.7%	9.4%	8.2%	7.0%	5.3%	4.1%		
\$4,500 \$5,000		11.3% 11.9%	10.0% 10.5%	8.7% 9.2%	7.5% 7.9%	5.7% 6.0%	4.4% 4.7%		
ψ3,000	7 14.170	11.570				0.070	4.7 /0		
Deductibl		В	Н	edical Losse lazard Group)	_	0		
Amount \$1,000		5.3%	<u>C</u> 4.6%	D 3.8%	3.2%	F 2.2%	G 1.7%	•	
\$1,500		6.4%	5.5%	4.7%	3.9%	2.8%	2.1%		
\$2,000		7.2%	6.3%	5.3%	4.5%	3.2%	2.5%		
\$2,500	9.6%	7.9%	6.9%	5.9%	5.0%	3.6%	2.8%		
\$3,000		8.6%	7.5%	6.4%	5.4%	4.0%	3.1%		
\$3,500		9.1%	8.0%	6.8%	5.8%	4.3%	3.3%		
\$4,000 \$4,500		9.6%	8.4%	7.3%	6.2%	4.6%	3.6%		
\$5,000 \$5,000		10.1% 10.5%	8.8% 9.2%	7.6% 8.0%	6.6% 6.9%	4.9% 5.1%	3.8% 4.0%		
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Amount	Α	В	С	D .	E	F	G		
\$1,000	1.5%	1.2%	1.1%	1.0%	0.9%	0.8%	0.6%		
\$1,500		1.7%	1.5%	1.4%	1.3%	1.1%	0.8%		
\$2,000		2.1%	1.9%	1.8%	1.6%	1.4%	1.0%		
\$2,500 \$3,000		2.5% 2.8%	2.3% 2.6%	2.1% 2.4%	1.9% 2.2%	1.6% 1.8%	1.2% 1.4%		
\$3,500		3.1%	2.0%	2.4%	2.4%	2.1%	1.4%		
\$4,000		3.4%	3.2%	3.0%	2.6%	2.3%	1.8%		
\$4,500		3.7%	3.4%	3.2%	2.9%	2.4%	1.9%		
\$5,000	4.7%	4.0%	3.7%	3.4%	3.1%	2.6%	2.1%		

Filing Company: Employers Reinsurance Corporation State Tracking Number: AR-PC-07-025906

Company Tracking Number: E-WC-AR-07-02697-1-R

TOI: 16.0 Workers Compensation Sub-TOI: 16.0000 WC Sub-TOI Combinations

Product Name: ERC Workers Compensation Rate Filing - 07-02697

Project Name/Number: ERC Workers Compensation Rate Filing - 07-02697/E-WC-AR-07-02697-1-R

Supporting Document Schedules

Review Status:

Satisfied -Name: Uniform Transmittal Document- Approved 08/29/2007

Property & Casualty

Comments:

Attachment:

UTD.pdf

Review Status:

Satisfied -Name: NAIC Loss Cost Filing Document Approved 08/29/2007

for Workers' Compensation

Comments:

Attachment:

LCM Trans forms.pdf

Review Status:

Bypassed -Name: NAIC loss cost data entry document Approved 08/29/2007

Bypass Reason: Please the the uniform transmittal doc attached above

Comments:

Review Status:

Satisfied -Name: Actuarial memorandum and Approved 08/29/2007

company exhibits

Comments:

Attachments:

Actuarial Memorandum.pdf

Company Exhibits.pdf

RATE / RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company T	E-WC-AR-07-02697-1-R							
2.	This filing assessment to form filing assess							1	
۷.	This filing corresponds to form filing numb (Company tracking number of form filing, if ap	na							
								`	
	Rate Increase				Rate Decrease	•	Rate Neutral (0%)	·)	
	8. Filing Method (Prior Approval, File & Use, Flex Band, etc)								
4a.				Change by company	· · · · ·		1		
	Company Name	Overall % Indicated	Overall % Rate	Written Premium	# of Policyholders	Written Premium	Maximum % Change	Minimum % Change	
	Name	Change	Impact	change for	affected	for this	(where	(where	
		(when	•	this	for this	program	required)	required)	
		applicable)		program	program				
	Employers Reinsurance Corporation	n/a	0.0%	0	161	620,200	n/a	n/a	
	I	_							
4b.	Company	Overall %	ate Change by Overall %	y company (As Acce Written	pted) For State Use On	ly Written	Maximum	Minim0/	
	Company Name	Indicated	Rate	Premium	# of Policyholders	Premium	Maximum % Change	Minimum% Change	
	Name	Change	Impact	change for	affected	for this	(where	(where	
		(when	puot	this	for this	program	required)	required)	
		applicable)		program	program	p 3	,	,,	
	Г	Overal	Rate Informa	tion (Complete for M	ultiple Company Filing	s only)	- COMPANY HOE	07475 1105	
	0 11						COMPANY USE	STATE USE	
	Overall percentage rate indication (when a								
5b. 5c.	Overall percentage rate impact for this filin	_							
_	Effect of Rate Filing - Written premium cha		ogram						
5d.	Effect of Rate Filing - Number of policy hol	ders affected							
6.	Overall percentage of last rate revision						-5.4	1%	
7.	Effective Date of last rate revision						9/1/2007		
8.	Filing Method of Last filing						File & Use		
	(Prior Approval, File & Use, Flex Band, etc.)							
9.	Pule # or Page # Submitted for review			Replacement or		le.	Provious stata filina =	umbor	
Э.	Rule # or Page # Submitted for review			Withdrawn?			Previous state filing number, if required by state		
01	EDC WC AD Pates 01 01 2009 pages 1.6			<u> </u>			roquired by state		
UI	ERC-WC-AR-Rates 01-01-2008 pages 1-6			New Deplement					
				X Replacement					
				Withdrawn					
02	ERC-WC-AR-Rates 07-01-2007 pages 1-6			New					
				Replacement					
				X Withdrawn					
03									
US				New					
				Replacement					
				Withdrawn					
04				New		\top			
				Replacement					
				Withdrawn					
05						+			
05				New Dealers					
				Replacement					
				Withdrawn					

- To be complete, a rate/rule filing must include the following:

 1. A completed Rate/Rule Filing Transmittal document (PC RRFS-1) (Do not refer to the body of the filing for the component /exhibit listing.) and,

- /exhibit listing.) and,
 A completed Property & Casualty Transmittal Document (PC TD-1) and,
 One copy of all rate/rule components/exhibits submitted with the filing, and
 The appropriate state review requirements, if required, and
 The appropriate filing fees, if required, and
 A postage-paid, self-addressed envelope large enough to accommodate the return
 you should refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required,
 other state specific forms, etc.)

Property & Casualty Transmittal Document

1	Reserved for Insurance Dept. Use Only			2 Insurance Department Use only					
				a. Date the filing is received:					
				b. Analyst:					
				c. Disposition:					
				d. Date of disposition of the filing:					
				e. Effective date of filing:					
		New Business							
		Renewal Business							
				f. State Filing		1			
		g. SERFF Fil							
			h. Subject Co	_					
•	O No				-	1			
3	Group Name				Group NAIC #				
ļ	Swiss Reinsurance				181				
4	Company Name(s)			Domicile	NAIC#	FEIN#	State #		
	Employers Reinsurance Corp	poration		MO	39845	48-0921045			
5	Company Tracking Number	r	E-WC-AR-07-	02697-1-R					
	. , ,								
			<u></u>						
Con	tact Info of Filer(s) or Corporat	te Officer(s) [include tol	_						
Con	Name and address	Title	Telephone #s		FAX#	e-mail			
			_		FAX # 913-676-6226	e-mail linda_snook@sw	rissre.com		
	Name and address	Title	Telephone #s				rissre.com		
	Name and address Linda Snook, AIS	Title	Telephone #s				rissre.com		
	Name and address Linda Snook, AIS	Title	Telephone #s 800-255-6931	, x5307			rissre.com		
	Name and address Linda Snook, AIS	Title	Telephone #s	, x5307			rissre.com		
6	Name and address Linda Snook, AIS 5200 Metcalf, OP KS 66201	Title P&RS Specialist	Telephone #s 800-255-6931	, x5307			rissre.com		
7	Name and address Linda Snook, AIS 5200 Metcalf, OP KS 66201 Signature of authorized filer	Title P&RS Specialist	Telephone #s 800-255-6931	, x5307			rissre.com		
7 8	Name and address Linda Snook, AIS 5200 Metcalf, OP KS 66201 Signature of authorized filer	Title P&RS Specialist	Telephone #s 800-255-6931 Sinda S Linda Snook	, x5307			rissre.com		
7 8	Name and address Linda Snook, AIS 5200 Metcalf, OP KS 66201 Signature of authorized filer Please print name of authorized	Title P&RS Specialist	Telephone #s 800-255-6931 Sinda J Linda Snook as of these fields)	, x5307			rissre.com		
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Property & Casualty Transmittal Document-

20	This filing transmittal is part of Company Tracking #	E-WC-AR-07-02697-1-R
20	This ming transmittants part of company Tracking #	L-WO-741 07-02007-1-11
21	Filing Description [This area can be used in lieu of a cover letter or	filing memorandum and is free-form text1
	ining bescription [Time area can be used in near of a cover letter of	ming memorandam and is nee-torm text
	We are filing to move ERC from a surcharge company to a base of	company for Worker's Compensation.
22	Filing Fees (Filer must provide check # and fee amount if applicable	9)
	[If a state requires you to show how you calculated your filing fees, place	that calculation below]
Che	ck #: 101556	
Am	bunt: 100	
Ref	er to each state's checklist for additional state specific requirements	or instructions on calculating fees.

***Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.) PC TD-1 pg 2 of 2

ARKANSAS INSURANCE DEPARTMENT

WORKERS COMPENSATION INSURER RATE FILING ADOPTION OF ADVISORY ORGANIZATION PROSPECTIVE LOSS COSTS REFERENCE FILING ADOPTION FORM

DATE	08/27/07	<u>—</u>			Page 1 of 2
1.	INSURER NAME	Employers Reinsurance Corp	oration		
	ADDRESS	P.O. Box 2991			
		Overland Park, KS 66201-	1391		
	PERSON RESPONS	BLE FOR FILING Linda S	nook, AIS		
	TITLE P&RS S	Specialist		TELEPHONE # 800-255-693	31, x5307
2.	INSURER NAIC #	39845		GROUP # 181	
3.	ADVISORY ORGANIZ	ZATION National Council or	n Compensatio	on Insurance	
4.	ADVISORY ORGANIZ	ZATION REFERENCE FILING #	AR-200	07-04	
5.	organization for this li as its own filing) the p	ne of insurance. The insurer her rospective loss costs in the captionspective loss costs and the loss	eby files (to be oned Reference	r service purchaser of the named e deemed to have independently s ce Filing. The insurer's rates will rs and, if utilized, the expense cor	submitted be the
6.	A. PROPOSED RAT	E LEVEL CHANGE	0.0%	EFFECTIVE DATE	01/01/08
	B. PROPOSED PRE	MIUM LEVEL CHANGE	0.0%	EFFECTIVE DATE	01/01/08
7.	A. PRIOR RATE LEV	/EL CHANGE	-5.4%	EFFECTIVE DATE	09/01/07
	B. PRIOR PREMIUM	LEVEL CHANGE	-5.4%	EFFECTIVE DATE	09/01/07
8.		OF SUPPORTING INFORMATI	•	• ,	
9.	CHECK ONE OF THE	FOLLOWING:			
	applical insuran loss cos in the a	ble to future revisions of the advisce. The insurer's rates will be the sts and the insurer's loss cost muttachments. The rates will apply	sory organizati e combination ultipliers and, if to policies writ	s and, if utilized, expense constartion's prospective loss costs for the of the advisory organization's production or after the effective date uthorization is effective until disartics.	is line of ospective ified of the

by the Commissioner, or until amended or withdrawn by the insurer.

applicable only to the above Advisory Organization Reference Filing.

The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be

(X)

ARKANSAS INSURANCE DEPARTMENT

WORKERS COMPENSATION INSURER RATE FILING ADOPTION OF ADVISORY ORGANIZATION PROSPECTIVE LOSS COSTS SUMMARY OF SUPPORTING INFORMATION FORM CALCULATION OF COMPANY LOSS COST MULTIPLIER

Page 2 of 2

NSURER NAME		Employers Reinsurance Corporation	8/27/2007		
NAIC	C#	39845	GROUP#	181	
1.	Does this filir	g apply to all classes contained in item 4 of the Refere ()No If No, for each affected class, attach		vith appropriate	justification.
2.	X	surer hereby files to adopt the prospective loss costs in Without modification (factor = 1.000). With the following modification(s). (Cite the nature at	nd percent modification, and base company LCM to mate	l attach supporting	g data
3.	expense data PROJECTED	of Expected Loss and Loss Adjustment Expense (Tar n, impact of premium discount plans, and/or other supp EXPENSES: Compared to standard premium at com-	orting information.)	nibit detailing insu	rer Selected Provisions 15.8%
	B. Genera C. Taxes, D. Underv	al Expense Licenses and Fees vriting Profit and Contingencies* explain)			4.5% 5.8% 4.9%
	F. TOTAL * Explain h	ow investment income is taken into account.			31.0%
4.		ed Loss & Loss Adjustment Expense Ratio: ELR = 10 decimal form =	0% - 3F =		69.0% 0.690
5.		ct of Expense Constant and Minimum Premiums: act would be expressed as 1.023.)			1.031
6.	•	ct of Size-of-Risk Discounts plus Expense Graduation verage discount would be expressed as 0.914.)	Recognition in Retrospective	e Rating:	0.971
7.	Company Fo	rmula Loss Cost Multiplier: (2B/[(6-3F)x5])=			1.360
8.		lected Loss Cost Multiplier = lifferences between 7 and 8:			1.360
9.	•	nding your minimum premium formula? If yes, attach d act as well as changes in multipliers, expense constar		YES ()	NO (X)
10.	-	ging your premium discount schedules? If yes, attach	schedules and support, deta	ailing ()	(X)

Employers Reinsurance Corporation Actuarial Memorandum

Workers' Compensation Arkansas

As a result of the recent acquisition of the GEIS insurance companies by Swiss Re and in preparation for the January 1, 2008, proposed merger of Westport Insurance Corporation (WIC) with and into Employers Reinsurance Corporation (ERC), ERC is filing to move from a surcharge company to a base company for Worker's Compensation. As such, ERC is filing the same approved 1.360 loss cost multiplier as WIC for Workers' Compensation.

In filing 9-WC-AR-06-02210-1-R we filed and received approval for North American Specialty Insurance Company (NAS) at the same LCM as ERC for the tier. Any policies currently on ERC that would have been renewed on ERC paper will now be renewed on NAS paper, thus there is no impact from this filing.

Development of Expected Loss Ratio

Enclosed please find state specific filing forms and rate pages for ERC. Also Exhibits 1, 2 and 3, which calculate our expected loss ratio, investment income return and tax rate are attached in support of the filing.

Transmittal Forms

State specific filing forms are attached.

Rate Pages

These pages show our Workers' Compensation rates by class code along with our Miscellaneous Values pages for ERC.

Exhibit 1 – Expense Exhibit

The expenses shown are both the Industry Wide and current tiered companies averages for Workers' Compensation for the latest 5 years. The total estimated expense for this line is 31.0%. The provision for underwriting profit is derived in Exhibit 2.

Exhibit 2 Pages 1 and 2 – Cash Flow Model

These exhibits derive the provision for underwriting profit using a discounted cash flow model. The model projects cash flows for a typical policy. It considers premiums, losses, expenses, income taxes and investment income on investable funds. Investable funds are the difference between income items (premiums collected, surplus supplied and investment income) and outgo items (expenses, losses and income taxes paid). Investable funds generate investment income earned.

The assumptions used in the model are:

- Expenses: From Exhibit 1.
- Surplus Requirement: The selected premium to surplus ratio is 1.30.
- Return on Equity: Swiss Re, our parent company, requires a return on equity of 15.0%.
- Reserve Discount Rate: Assumed to be the same as the Investment Income Return.

• Payout Pattern: The payout pattern is based upon the combination of company and industry payout pattern for Workers' Compensation.

Exhibit 3 – Investment Income Return and Tax Rate

This exhibit derives the 5.0% rate of return and 20.4% income tax rate. All dollar amounts come from the Company's Annual Statement. All calculations (a) through (f) are shown in the "notes" section at the bottom of the exhibit.

The proposed effective date for the changes described above is 01/01/2008.

Swiss Re Commercial Insurance (NAIC #181) Workers' Compensation

	20	02	200	03	200	04	20	05	20	06	To	tal	
		% of											
	(000's) \$	Premium	Selected										
Direct Written Premium	165,248		226,474		224,414		227,336		215,347		1,058,819		
Direct Earned Premium	141,635	100.0%	204,611	100.0%	220,867	100.0%	227,207	100.0%	218,336	100.0%	1,012,656	100.0%	
Incurred Loss & ALAE	160,622	113.4%	148,913	72.8%	172,263	78.0%	149,396	65.8%	156,567	71.7%	787,761	77.8%	
ULAE	8,060	5.0%	6,443	4.3%	8,536	5.0%	12,644	8.5%	7,034	4.5%	42,717	5.4%	
Commissions	16,553	10.0%	21,014	9.3%	20,791	9.3%	20,308	8.9%	15,220	7.1%	93,886	8.9%	10.0%
Other Acquisition Expense	5,748	4.1%	10,508	5.1%	13,288	6.0%	13,050	5.7%	15,939	7.3%	58,533	5.8%	5.8%
General Expense	5,728	4.0%	13,193	6.4%	11,654	5.3%	8,177	3.6%	6,650	3.0%	45,402	4.5%	4.5%
Taxes, Licenses & Fees	3,323	2.0%	7,343	3.2%	6,448	2.9%	8,120	3.6%	5,434	2.5%	30,668	2.9%	5.8%

Total Expense Provision:	26.1%
Profit & Contingencies:	4.9%

Industry Wide Workers' Compensation

[2001		2002		2003		2004		2005		Total	
		% of		% of								
	(000's) \$	Premium	(000's) \$	Premium								
Direct Written Premium	32,553,057		35,874,395		39,144,782		42,513,541		45,835,369		195,921,144	
Direct Earned Premium	31,040,816	100.0%	33,820,382	100.0%	37,807,943	100.0%	41,706,757	100.0%	44,699,154	100.0%	189,075,052	100.0%
Incurred Loss & ALAE	28,464,910	91.7%	27,714,089	81.9%	29,897,002	79.1%	30,881,608	74.0%	31,091,806	69.6%	148,049,415	78.3%
ULAE	2,333,664	8.2%	2,276,715	8.2%	2,503,170	8.4%	2,629,713	8.5%	2,901,675	9.3%	12,644,937	8.5%
Commissions	2,783,975	8.6%	2,843,008	7.9%	2,940,996	7.5%	3,228,323	7.6%	3,307,662	7.2%	15,103,964	7.7%
Other Acquisition Expense	1,660,737	5.4%	1,693,611	5.0%	1,825,173	4.8%	1,998,502	4.8%	2,158,361	4.8%	9,336,384	4.9%
General Expense	2,082,137	6.7%	2,082,860	6.2%	2,149,629	5.7%	2,217,102	5.3%	2,409,766	5.4%	10,941,494	5.8%
Taxes, Licenses & Fees	1,375,574	4.2%	1,427,583	4.0%	1,768,545	4.5%	1,780,972	4.2%	2,308,926	5.0%	8,661,600	4.4%

Notes:

1. The 7% ULAE to Loss Ratio is the average of the Industry and Westport, ERC & Coregis.

2. Data taken from Line 16 of the Insurance Expense Exhibit of Westport, ERC & Coregis.

3. The Selected Other Acquisition and General Expense is the average of Westport, ERC & Coregis.

ULAE to Loss & ALAE Ratio: 7.0%

Swiss Re Commercial Insurance Investment Income Exhibit Workers' Compensation

Underwriting Tax Rate:	35.0%	
Invst Income Tax Rate:	20.4%	
Invst Income Return:	5.0%	
Reserve Discount Rate:	5.0%	
Initial Prem/Surplus:	1.30	
Variable (EP) Expense Ratio:	26.1%	
Fixed (WP) Expense Ratio:	0.0%	
Target Loss Ratio:	64.5%	
ALAE to Loss Ratio:	0.0%	
ULAE to Loss & ALAE Ratio:	7.0%	
Premium Payments:	1	(1 or 12 only)
Loss & LAE Ratio:	69.0%	
Combined Ratio:	95.1%	
Underwriting Profit Margin:	4.9%	
ROE:	15.0%	
PVROP:	9.4%	

PATTERNS	<u>Time</u> 0.00	Premium <u>Payments</u>	Unearned <u>Premium</u>	Payout <u>Pattern</u>	Cumulative <u>Paid</u>
	1.00	100	-	23.80%	23.8%
	2.00	-	-	29.08%	52.9%
	3.00	-	-	17.20%	70.1%
	4.00	-	-	9.80%	79.9%
	5.00	-	-	5.89%	85.8%
	6.00	-	-	3.84%	89.6%
	7.00	-	-	2.56%	92.2%
	8.00	-	-	1.82%	94.0%
	9.00	-	-	1.34%	95.3%
	10.00	-	-	1.01%	96.3%
	11.00	-	-	0.75%	97.1%
	12.00	-	-	0.57%	97.7%
	13.00	-	-	0.48%	98.1%
	14.00	-	-	0.39%	98.5%
	15.00	-	-	0.29%	98.8%
	16.00	-	-	<u>1.19%</u>	100.0%
				100.00%	
	Duration			2.80	
T .					

Note:

^{1.} The payout pattern is based upon the combination of company and industry payout patterns.

Swiss Re Commercial Insurance Investment Income Exhibit - Workers' Compensation

					Total return fro	m Insurance	Transactions a	nd Surplus				
	1	2	3	4	5	6	7	8	9	10	11	12
											Discounted	
		Earned	Variable	Fixed	Loss	ALAE	ULAE	Loss & LAE	Underwriting	Discount	Loss & LAE	Change in
Time	Premium	Premium	Expenses	Expenses	Payments	Payments	Payments	Reserve	Profit/Loss	Factors	Reserve	Discounted Reserv
0				-					-			
1	100.00	100.00	26.10	-	15.35	-	2.79	50.85	4.91	0.8923	45.37	
2	-	-	-	-	18.75	-	0.66	31.44	-	0.8828	27.76	1.79
3	-	-	-	-	11.09	-	0.39	19.97	(0.00)	0.8708	17.39	1.10
4	-	-	-	-	6.32	-	0.22	13.43	-	0.8606	11.56	0.71
5	-	-	-	-	3.80	-	0.13	9.50	0.00	0.8536	8.11	0.48
6	-	-	-	-	2.48	-	0.09	6.94	(0.00)	0.8488	5.89	0.34
7	-	-	-	-	1.65	-	0.06	5.23	(0.00)	0.8476	4.43	0.25
8	-	-	-	-	1.17	-	0.04	4.01	0.00	0.8492	3.41	0.19
9	-	-	-	-	0.87	-	0.03	3.12	(0.00)	0.8534	2.66	0.15
10	-	-	-	-	0.65	-	0.02	2.44	(0.00)	0.8605	2.10	0.12
11	-	-	-	-	0.48	-	0.02	1.94	(0.00)	0.8724	1.70	0.09
12	-	-	-	-	0.37	-	0.01	1.56	0.00	0.8897	1.39	80.0
13	-	-	-	-	0.31	-	0.01	1.24	0.00	0.9109	1.13	0.06
14	-	-	-	-	0.25	-	0.01	0.99	(0.00)	0.9386	0.93	0.05
15	-	-	-	-	0.19	-	0.01	0.79	0.00	0.9759	0.77	0.04
16	-	-	-	-	0.76	-	0.03	-	0.00	0.9759	-	0.02
	100.00	100.00	26.10	_	64.48	_	4.51		4.91			5.47

	13	14	15	16	17	18	19	20	21	22	23
	Taxable										
	Underwriting	Tax on	Und Profit	Requirement	Beginning	Ending	Investable	Invst	Tax on	Net Invst	
Time	Profit/Loss	Und Profit	Net of Tax	for Next Yr	Funds	Funds	Funds	Income	Invst Income	Income	Flows
0	-	-	-	76.92		76.92					(76.92)
1	10.39	3.63	1.28	0.00	150.82	132.68	141.75	7.09	1.45	5.64	83.84
2	(1.79)	(0.63)	0.63	0.00	50.85	31.44	41.15	2.06	0.42	1.64	2.26
3	(1.10)	(0.39)	0.39	0.00	31.44	19.97	25.71	1.29	0.26	1.02	1.41
4	(0.71)	(0.25)	0.25	0.00	19.97	13.43	16.70	0.84	0.17	0.66	0.91
5	(0.48)	(0.17)	0.17	0.00	13.43	9.50	11.47	0.57	0.12	0.46	0.62
6	(0.34)	(0.12)	0.12	0.00	9.50	6.94	8.22	0.41	0.08	0.33	0.45
7	(0.25)	(0.09)	0.09	0.00	6.94	5.23	6.08	0.30	0.06	0.24	0.33
8	(0.19)	(0.07)	0.07	0.00	5.23	4.01	4.62	0.23	0.05	0.18	0.25
9	(0.15)	(0.05)	0.05	0.00	4.01	3.12	3.57	0.18	0.04	0.14	0.19
10	(0.12)	(0.04)	0.04	0.00	3.12	2.44	2.78	0.14	0.03	0.11	0.15
11	(0.09)	(0.03)	0.03	0.00	2.44	1.94	2.19	0.11	0.02	0.09	0.12
12	(0.08)	(0.03)	0.03	0.00	1.94	1.56	1.75	0.09	0.02	0.07	0.10
13	(0.06)	(0.02)	0.02	0.00	1.56	1.24	1.40	0.07	0.01	0.06	0.08
14	(0.05)	(0.02)	0.02	0.00	1.24	0.99	1.12	0.06	0.01	0.04	0.06
15	(0.04)	(0.01)	0.01	0.00	0.99	0.79	0.89	0.04	0.01	0.04	0.05
16	(0.02)	(0.01)	0.01	-	0.79	0.00	0.40	0.02	0.00	0.02	0.02
					(0.00)						
	4.91	1.72	3.19					13.49	2.75	10.74	13.93

Total return from Insurance Transactions and Surplus

1 Not actual written premium, used to reflect premium payment pattern.

- 2 Total(1) Cumulative(2)
- 3 (2) * Variable Expense Ratio of 26.1%
- 4 Total(1) * Fixed Expense Ratio of 0%
- 5 Total(1) * Expected Loss Ratio of 64.5% * Payout Pattern
- 6 (5) * ALAE/Loss Ratio of 0%
- 7 time 1 formula is: [(5) + (6)] * ULAE*1/2 + ULAE*1/2*ELR*(1+ALAE to LR)*(1) time 2-16 formula is: [(5)+(6)]*ULAE*1/2
- 8 Total(5) + Total(6) + Total(7) sum[columns (5)+(6)+(7)]
- 9 (2) (3) (4) [((5) (6) (7) (8)) (8prior)]
- 10 Discounted Payout Pattern
- **11** (8) * (10)
- **12** (5) + (6) + (7) + (11) (11prior)

- 13 time 1 formula is: (2) (3) (4) (5)- (6)- (7)- (11)
- time 2-16 formula is: (2) (3) (4) (12)
- 14 (13) * Underwriting Tax Rate of 35%
- **15** (9) (14)
- 16 Reserve/ Surplus Ratio
- **17** time 1 formula is: (18prior) + (1) (3)
- time 2-16 formula is: (18prior) + (16prior) (16prior2) (14prior) (15prior)

Return on Surplus

15.0%

- **18** time 1 formula is: (18prior)+(1) (3) (4) (5) (6) (7)
- time 2-16 formula is: (17) (3) (4) (5) (6) (7) (14) (15)
- 19 Average[(17) + (18)]
- 20 (19) * Investment Income Return of 5%
- 21 (20) * Investment Income Tax Rate of 20.4%
- **22** (20) (21)
- 23 time 1 is: (16prior) + (22) + (15) time 2-16 is: (22) + (15)

Swiss Re Commercial Insurance Investment Income Exhibit Estimated Investment Earnings On Surplus and Unearned Premium & Loss Reserves

The rate of return is the ratio of net investment income earned to mean cash and invested assets as determined from the Company Annual Statement.

	Net Investment	Mean Cash and		Realized	Unrealized	Realized	Unrealized
					0 0 0		0 0 0
	Income Earned	Investment Assets		Capital	Capital	% of	% of
	(In Thousands)	(In Thousands)	Rate of Return	Gains/Losses	Gains/Losses	Assets	Assets
2006	1,191,050	15,950,829	7.5%	-1,934,560	1,935,781	-12.1%	12.1%
2005	577,824	16,343,236	3.5%	57,869	-790,644	0.4%	<u>-4.8%</u>
	1,768,874	32,294,064	5.0%	-1,876,691	1,145,137	-5.8%	3.5%

The average rate of Federal Income Tax was determined by applying current tax rates to the distribution of investment income earned. This data is from the Company Annual Statement.

		Investment	Federal	
		Income Earned	Income	
		(In Thousands)	Tax Rate	
Bonds				
	Taxable	287,540	0.350	(c)
	Non-Taxable	193,959	0.053	(a)
	Total	481,499	0.230	(d)
Stock				
	Taxable	14,487	0.142	(b)
	Taxable Affiliates	542,883		
	Total	557,370		
	Mortgage Loans on Real Estate	1,577		
	Real Estate	0		
	Cash on Deposit and Short Term Investments	160,430		
	All Other	15,770		
	Sub-Total	177,777	0.350	(c)
	Total	1,216,646	0.207	(e)
	Investment Deductions	25,596	0.350	(c)
	Net Investment Income Earned	1,191,050	0.204	(f)

Notes:

- (a) 100% of the income on tax-exempt bonds is subject to proration; that is, 15% of the of that income taxed at a full corporate income tax rate of 35%. The applicable tax rate is $[(1.00 \times 1.15 \times 3.5) = .0525]$.
- (b) 30% of dividend income on stock is subject to the full corporate income tax rate of 35%. 100% of the remaining dividend income on stocks is subject to proration: that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus $[(.30 \times .35) + (1.00 \times .70 \times .15 \times .35) = 0.142]$.
- (c) The full corporate income tax rate is 35%.
- (d) Weighted average of the taxable and non-taxable bonds $[(287,540 \times 0.35 + 193,959 \times 0.053)/481,499]$.
- (e) Weighted average of all investment incomes [(481,499 x 0.23 + 557,370 x 0.142 + 177,777 x 0.35)/1,216,646].
- (f) Investment income tax rate: [(1,216,646 x 0.207 25,596 x 0.35)/1,191,050].